

COUNTY OF SAN DIEGO, CALIFORNIA
BOARD OF SUPERVISORS POLICY

Subject

County Real Property Asset Management

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Purpose

The purpose of this policy is to establish general principles for the management of County-owned Real Property. The policy sets forth the process to be used in determining whether County-owned Real Property is surplus to County needs and whether such property should be sold or leased. The policy also establishes the procedures to be used in the process of selling or leasing of County-owned Real Property.

Background

The County of San Diego, in contrast with other public agencies such as the Port District with its tidelands, the City of San Diego with its Pueblo and utility lands, and State and Federal governments with their public domain, owns little land which can be used to generate significant revenue. Increasing demand for County services, combined with diminishing discretionary revenue requires intensified utilization of County properties and a more aggressive approach in managing these assets.

It has been the County's policy to return to other public agencies or the private sector surplus Real Property no longer needed by the County for public facilities and improvements. Whole properties are occasionally acquired when only portions are to be utilized for proposed public projects. The County attempts to sell these surplus properties for the highest net return to the County. However, property which is substandard, unbuildable or zoned for a use which is incompatible with the surrounding neighborhood will not be sold on this basis.

The County periodically has properties available for interim private use which must be retained for long-term public use. Future rights-of-way or properties acquired for future park development

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are examples of these situations. In other instances, the combination of public ownership/investment and private operation may be best for the public's interest. A concessionaire in a regional park or a fixed-base operator at a County airport may be less expensive and more responsive in serving the community's needs at public facilities.

It is the County's intent to properly utilize surplus properties through development of lease revenues for public benefit, or to return properties to the private sector when no current or prospective use is envisioned.

Policy

It is the policy of the Board of Supervisors that:

1. Reports to Board of Supervisors regarding Surplus Property.

a. The Director of General Services shall solicit input from County Departments to determine the availability of potential surplus property on an annual basis.

b. The Director of General Services shall make a determination as to what property is surplus to County needs. This determination shall, at least, be based on current County Master plans and the individual Department's/County's financial ability to develop and effectively utilize the particular properties in a reasonable time

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frame.

c. Upon determining which properties are surplus to County needs, the Director of General Services shall file a report with the Board of Supervisors, as part of the Capital Improvements Plan, that:

1. Identifies County-owned Real Property that is considered surplus to County needs;
2. Identifies whether any of the surplus property is included for use in the County's Capital Improvement Plan;
3. Includes a recommendation as to whether the surplus property should be leased or sold; and
4. Includes a list of all lessees of County properties on holdover longer than 90 days and of any leases expiring during the next 90 days along with a brief description of the leased premises and the proposed future uses.

2. Property not currently in use for County purposes shall be utilized for other public purposes or leased to generate revenue wherever

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practical and reasonable. Whenever a public use by the County is not imminent or a private use would contribute to the overall public benefit, revenue producing leases to the private sector shall be considered. In addition, when market conditions exist that are depressing local real estate sales activity, property identified as surplus to County needs may be leased until market conditions justify a sales effort.

3. Whenever joint or multiple use of public and private interests is compatible, the production of lease revenue will be considered as an ancillary or supplemental use of property.

4. Leases of County property shall be offered without favor or discrimination to all individuals or groups capable of performing the services desired under the lease. A public solicitation process which considers the available market and interest shall be undertaken. The Director, Department of General Services shall implement this process, which must include direct mail and/or media advertising, commensurate with the most effective method of reaching prospective lessees or contractors. The Director may seek a waiver from the Board of Supervisors for any or all of the solicitation processes if they are not required by the law.

5. The highest net return to the County shall be the basis of selection if all proposers are responsible and are equally qualified to meet the other objectives of the lease under consideration. Where it is not required by law that the property be leased to the highest bidder, the

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Board of Supervisors may waive this provision at the request of the Chief Administrative Officer.

6. Leases containing holdover or indefinite term provisions shall include an inflation provision to provide increased rent during the extended period.

7. Notwithstanding provisions 4 and 5, the State of California, Health and Welfare Agency, Department of Rehabilitation, shall be given the first opportunity to submit a proposal through their Business Enterprise Program for a concession to be operated by a legally blind person, when the proposal is for the provision of vending facility as defined in Section 19626 of the Welfare and Institutions Code. If such a proposal is submitted by the State, it will be considered on its merits before other proposals are solicited by the County.

8. Certain properties, such as airports and parks, may warrant performance leases requiring special management or investment of private capital in public facilities due to unique or restricted use conditions. Establishment of special lease policies, such as the Gillespie Field Development Council's Implementation Practice for San Diego County Airport Development, as approved in principle periodically by the Board of Supervisors, shall become a part hereof by reference and shall be the controlling guidelines for leasing such properties insofar as there is any conflict with other Board of Supervisors Policies.

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9. The Airports Division of the Department of Public Works shall be the principal contact with airport lessees and is responsible for the functions and activities of lessees related to the operation of County airports. The Airport Division shall assist the Department of General Services in identifying, screening, selecting and negotiating leases with proposed tenants and lessees on airport properties.

10. The Director of the Department of Parks and Recreation shall be the principal contact with lessees on property managed by the Department of Parks and Recreation. The Department of Parks and Recreation shall assist the Department of General Services in identifying, screening, selecting and negotiating leases with proposed lessees on property managed by the Department of Parks and Recreation.

11. Revenue from the lease of General Fund properties will be budgeted in the Department of General Services Real Property program. Revenues generated by Airports, Roads, Special Districts Enterprise Fund, or other special funds will be budgeted in their respective programs.

12. A rental valuation review shall be completed for County-owned or leased land and improvements available for lease. Such reviews shall be done at the time property becomes available for lease and at appropriate time periods consistent with good real estate practice.

13. Leases with a term exceeding ten years in length shall provide for

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renegotiation of rent at
least every nine years, with interim cost-of-living adjustments at least
every three
years, wherever practical.

14. General Prerequisites for Sale of Surplus Property

a. No property will be sold until an
estimate of fair market value has been
made. The Director, Department of
General Services, may hire independent
appraisers for this purpose.

b. County-owned surplus properties
available for sale shall be zoned to their
highest and best use whenever
practicable and whenever such zoning will
materially increase chances of selling the
property for a higher price. No surplus
property shall be zoned in a manner
incompatible with present and anticipated
future uses of adjacent properties in the
same neighborhood. Current zoning of
surplus properties may be changed to a
more restrictive use.

c. Prior to selling a property, a report shall
be obtained from the jurisdictional

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planning agency that the proposed disposal is not in conflict with the general plan for the area in which the property is located.

d. Appropriate governmental entities shall be notified of the surplus property's availability, prior to offering it for sale to the general public.

e. No property shall be sold without determination of its effect on the environment, pursuant to State Guidelines established under the California Environmental Quality Act of 1970 (CEQA).

f. Substandard or unbuildable property is offered for sale upon a demonstrated interest of a party who can put the property to productive use. An actual deposit may be required where the County will undergo substantial overhead in making the property available for sale.

15. Property Conveyed to Another Public Agency

Whenever the County conveys property or any interest therein to

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another public agency for its use and benefit, the County shall charge a reasonable amount for the property or interest being conveyed. In determining the amount to be charged the County shall give consideration to the following factors:

a. The market value of the property or interest therein, if ascertainable.

b. The benefit to be derived by the County as a result of:

(1) the use to be made of the property or interest therein by the public agency;

(2) the elimination or reduction of any County liability and/or obligation to maintain or operate the property; and

(3) the effect on the County's remaining property, if applicable.

16. Solicitations of Offers to Purchase

a. The Director, Department of General Services, is authorized to enter into agreements permitting soil tests when a request has been made by a potential buyer of County surplus property. Such authorization will enable the Director

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Department of General Services, to more expeditiously solicit Offers to Purchase.

b. The County may pay a real estate brokers commission for the sale of County surplus real property when it is deemed advisable that the assistance of a real estate broker may cause a property to sell at a higher price or when the property's unique characteristics precludes handling of the sale by staff.

c. In addition to the required legal advertising, surplus property to be sold shall be advertised for sale in the classified section of those newspapers most likely to reach the largest number of potential buyers. Appropriate For Sale signs shall be posted on properties to give additional exposure to the public. The advertising period shall be of sufficient duration to attract buyers for properties to be sold. Special marketing programs utilizing a Request for Proposal process shall be prepared and implemented for unique properties where the normal bid process may not be appropriate.

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17. Sale of Surplus Property by Board of Supervisors or Director,
Department of General Services

a. Sales may either be conducted by the
Board of Supervisors or the Director,
Department of General Services.

b. Sales of properties having an estimated
value of more than \$25,000 shall be
conducted by the Board of Supervisors
through a sealed bid opening followed by
an auction or the Request for Proposal
process, at a time and place publicly
announced and noticed, by legal
advertising.

c. Sales of properties having an estimated
value of \$25,000 or less and capable of
being developed may be conducted by a
representative of the Director, Department
of General Services, at a time and place
publicly announced and noticed by legal
advertising.

d. Sales of properties or interests having
an estimated value of \$10,000 or less can
be sold by the Director Department of

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General Services, pursuant to
Government Code Sections 25526.5 and
25526.6.

Sunset Date

This policy will be reviewed for consideration by 12-31-02.

Board Action

12-09-07 (19)

CAO Reference

1. Department of General Services
2. Auditor and Controller
3. Department of Public Works